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Preview:
Central America's
Farm Trade

Exports to Regional
Trading Groups

Foreign
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In this issue:

2 A Super-Size Grain Terminal Comes to Great Britain By Kenneth L. Murray

4 An afterlook at—The Philippine Rice Breakthrough By James F. Keefer

6 U.S. Farm Exports to Regional Trade Groups

9 IADB Loan for Brazil's Livestock Industry

10 Less U.S. Sorghum to Norway
Communist Agriculture Factbook
View on Canadian Protectionism

11 Preview: Central America's Farm Trade By Francis S. Urban

12 U.S. Foods Tempt Swedes at Tempo

13 Livestockmen Meet at Verona Fair
More Advance Word About the Tokyo Fair

14 Crops and Markets Shorts

16 Angus Meat and USDA Expert Please Guatemalans

This week's cover:

Guatemalan turns coffee beans to dry in the sun. Coffee continues to be an important cash crop in Central America; see story page 11.

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A Super-Size Grain Terminal Comes to Great Britain

By KENNETH L. MURRAY
Assistant U.S. Agricultural Attaché
London

About 25 miles down the River Thames from London finishing touches are being put on a grain terminal that will be one of the most modern in the world. Long overdue, the new facility, the Tilbury Grain Terminal, could help bring a shuffling of trade patterns in Europe and improve the United States competitive position in British ports.

The Terminal is an integral part of the Tilbury Docks system, which has been expanded significantly in recent years and already enjoys worldwide renown for its efficiency and modernity. It is to be fully operative in May this year and will eventually take on a large share of business now carried on in London—the largest U.K. grain port. Also, new business, including transshipments to other ports, will be generated.

An obvious benefit from this will be to London, which has had difficulty competing with some other ports, even for business in its own vicinity. For example, the southwestern port of Bristol has been the import point for some grain for flour mills and feed compounders in the London area. Tilbury Grain Terminal is expected to win back this business.

Some statistics on Tilbury

The jetty and grain silos at Tilbury have an impressive potential for attracting business.

The jetty can accommodate vessels up to 65,000 tons deadweight at all times and up to 90,000 tons when the water depth reaches 47 feet. It is equipped with two marine leg elevator towers, each with a maximum discharge rate of 1,000 tons per hour. Grain can be taken from vessels and put into the silo, or loaded directly into barges of up to 7,000 tons capacity.

The capacity of the silos is now 105,000 tons and can eventually be expanded to 240,000. The silos—all interconnected—have individual bin capacities ranging from 60 to 900 tons and stand 127 feet high; they can deliver to barges at the

The Port of London Authority has just completed a brochure on the Tilbury Grain Terminal, which is available, free of charge, from: The Public Relations Officer, Port of London Authority Head Office, P.O. Box 242, Trinity Square, London, E.C.3.

rate of 1,000 tons per hour, or to trucks or railway cars at 135 per hour.

The lower freight rates offered by larger ships that will soon be able to dock at Tilbury will allow shippers to offer grain there at $2.00 to $2.50 per ton less than at other British ports. And because the new terminal's modern machinery will permit larger vessels and quicker unloading, the discharge costs—equal to about 36 cents per ton—will be significantly below those of other British ports.

Long-term storage for grain is available at $4.80 per ton per year, with a minimum of 1,000 tons, and short-term storage is also available. The terminal will also handle domestic grain.

To enhance operations in the area, three flour mills are being built near the Tilbury Grain Terminal. The Tilbury mills will offer stiff competition for flour mills further up the Thames in London, since the wheat used by these other mills will have to be transshipped by smaller vessels at additional costs.

Plans are also in the works for new feed mills at Tilbury. Two sites are now being considered for that purpose, and additional sites could be made available if the demand exists. Until the new mills are completed, the new grain terminal will be servicing feed compounders in the London area.

A comparison with other U.K. facilities

Heretofore, the British have not been equipped to handle the giant vessels that now carry grain. Existing ports in the country can only accommodate vessels up to 20,000-25,000 tons, so the United Kingdom has traditionally relied on continental ports like Rotterdam and Antwerp to discharge the larger ocean-going vessels. Grain is then transferred to smaller vessels at these ports for transshipment to the United Kingdom.

Tilbury is in a position to take over some of this continental transshipment business. At the moment, however, there is a British Coastal Conference, making transshipment from British ports relatively expensive. Some of the larger shippers may be able to get around the high conference rates by using company-owned or leased vessels (time charters) to transship grain. At present, about one-fifth of the grain arriving in the United Kingdom is transshipped from the Continent. This gives Tilbury lots of room for expansion.

What Tilbury means to U.S. exports

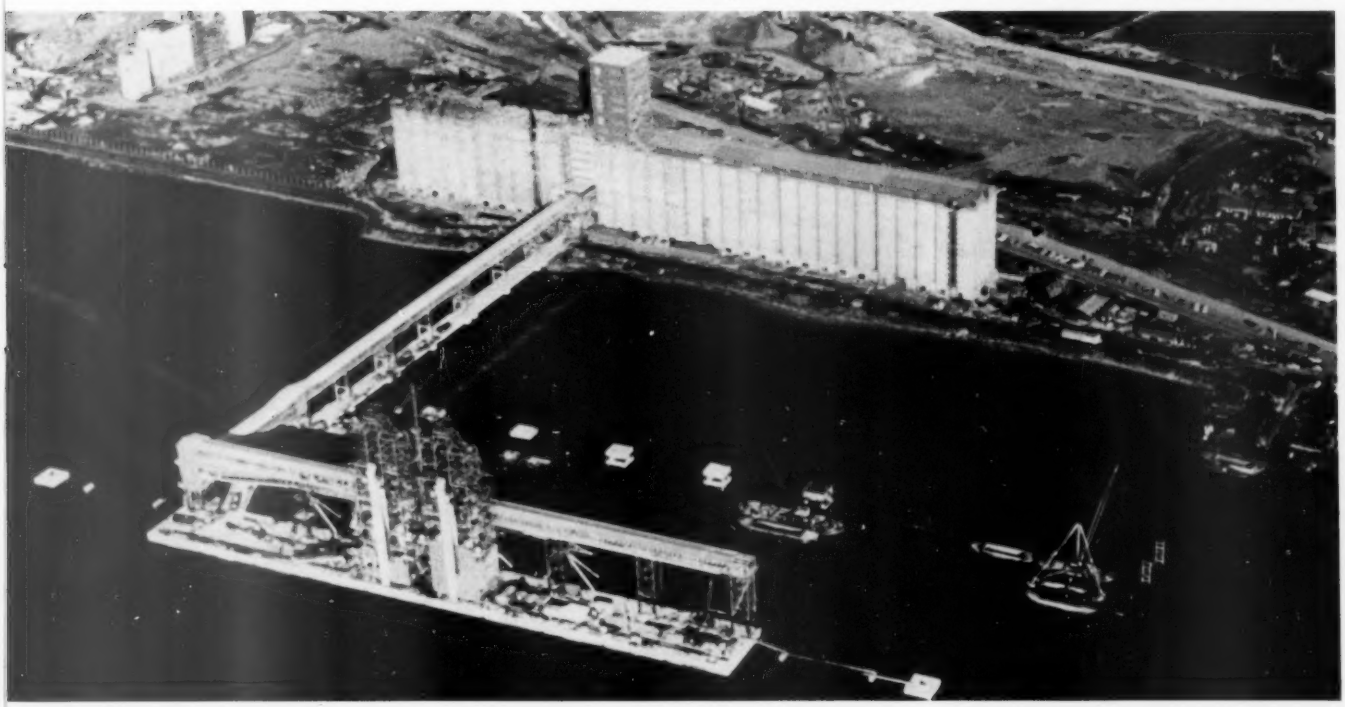
Tilbury Grain Terminal gives the United States and other overseas grain suppliers an alternative means of exporting to the United Kingdom. Very large ocean vessels will be able to go direct to Britain, and the freight saving can be reflected in reduced import prices. This new alternative enhances the competitive position of overseas suppliers, including the United States, vis-à-vis continental grain exporters, such as those in the European Community, who ship in small vessels.

Demand in the Tilbury-London area is not great enough to utilize 40,000-45,000-ton shipments of grain in one go, so part of such large cargos would, no doubt, be sent on to other British ports with transshipment charges much like those now applying on transshipments from the Continent. This, of course, would cut the freight savings to some extent.

Another possibility is that portions of very large cargos could be offloaded in continental ports with the remainder moving on to Tilbury.

Port modernization seems to be contagious in the United Kingdom, for a new grain terminal is also being constructed at Seaforth, near Liverpool; it is to be completed in 1972.

View of the Tilbury Grain Terminal. Photo courtesy Port of London Authority.



An afterlook at

The Philippine Rice Breakthrough

By JAMES F. KEEFER
Foreign Regional Analysis Division
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The Philippines surprised agriculturalists last year with the revelation that it had not only wiped out its rice deficit but was also able to export some rice. But now, one year later, that country's position is again uncertain.

Drought is the major cause of the uncertainty. It erased what appeared to be another sizable production gain this year, and the country has now left the export field almost as rapidly as it entered. While the Philippines will probably not be importing rice this year, there is the question of whether it will be able to achieve the substantial production gains planned for 1970 and beyond, or even whether it will be able to remain self-sufficient in rice in the face of a spiraling population growth rate. On the other hand, should output bounce back, the country could well be faced with a number of thorny marketing problems.

How the country weathers its current setback will be of interest to many nations of the developing world who are traveling the same road as the Philippines, using the higher yielding rice developed as a part of its production drive.

Forces behind the breakthrough

Sustained self-sufficiency in rice has been a long-standing but elusive goal in the Philippines. Approaching self-sufficiency was proclaimed as early as 1934 and later in 1953 and 1959-60, but realization of the goal never came. In 1966, however, the government began a concerted production drive that was to lead to the 1967-68 achievement.

Spearheading the program was the Rice and Corn Production Coordinating Council (RCPCC) along with its operational arm, the Rice and Corn Administration (RCA). The RCPCC, with an annual appropriation of $5.1 million, was given responsibility for achieving self-sufficiency in rice and corn by 1969-70. Its objectives were to stabilize prices of rough rice and corn grits, to establish adequate buffer stocks, and to provide direct price support incentives to farmers. In addition, it shifted the government's former consumer-oriented program to a producer-oriented one that appears to be directly stimulating production and indirectly discouraging consumption gains—especially in rice.

Equally important has been the help from the International Rice Research Institute (IRRI) at Los Banos, which developed the rice-yield increase needed to put Philippine production over the top. The IRRI is a Rockefeller-Ford sponsored institute established in 1962 to determine why rice yields in the tropics are so low and to develop a new high-yielding variety—a goal it achieved in 1967-68 with the record Philippine crop.

Today, IRRI rice is being grown in over 60 countries, helping them also to move closer to rice self-sufficiency.

Self-sufficiency brings trade change

So successful was the combined effort of the IRRI and the RCPCC that the Philippines reached self-sufficiency in rice a year ahead of target. That record 1967-68 crop, at 2.8 million tons, was 4 percent above the previous year's, despite typhoon and other weather damage. The gain thrust the Philippines into an export position, and at one time officials were talking of selling several hundred thousand tons abroad in 1969. However, as of December 1, 1968, the country had exported only 40,000 tons—25,000 to India and the rest to Indonesia and others.

Then came the 1968-69 drought and a setback in this season's crop of over 200,000 tons (milled basis), or about the same as the earlier forecasted increase. As a result, rice exports were suspended and probably will not resume until the current supply level is reappraised.

On the other side of the ledger, the 1967-68 production gain brought a cessation of rice imports and a jump in stocks of rough rice from 3,960 metric tons on January 1, 1966, to 233,200 tons on January 1, 1968. Also, the farmers saw their incomes rise substantially—by an estimated $54 million between 1965 and 1967. While the 1968-69 drought dashed hopes for exports, it has not yet forced the country to resume imports.

New areas of emphasis

With the hope of sustaining the growth that started in 1966, the RCPCC since 1967 has extended its market support coverage; secured commitments from USAID and others to help construct modern warehouses, silos, and mills at strategic points; obligated $200,000 for an integrated drier

program; intensified its market reporting system; standardized qualifications of rice and corn; trained trade experts to assure efficient handling of exports now under the RCPCC's control; and greatly improved its credit-loaning posture.

It has also set some ambitious goals for 1970. Current plans are to plant 1,742,000 irrigated acres with the IRRI varieties and to increase use of fertilizer and chemical sprays. As a result, total rough rice production is projected to reach 5.8 million tons or 35.5 percent above the normal trend level. If the production goal were achieved, surplus supplies would total nearly 500,000 metric tons, and the Philippines would be solidly back in the export picture, with over half of these supplies available for shipment.

Need for caution

Several factors, however, demand a cautious appraisal of these ambitious goals. The 1968-69 crop setback, of course, is one reason for caution. Another is the trends of relative prices and per capita consumption of rice and corn. Corn is consumed as human food by about 20 percent of the population—a percentage that varies according to the relative prices and availability of rice and corn. It has been estimated that demand for rice, under present conditions, would decrease 400,000 tons for each 0.10-peso (3-cent) increase in the price of rice relative to corn. But this demands a fine-tuning of the price structure for these products.

Still another reason for caution is that the current production success has been achieved by an intensive application of technology and inputs to a highly selective area. Further increase must come from less fertile resources. The ever-increasing population will demand about 1.8 million tons more of rough rice in 1980 than in 1970. This means about 2 million more acres of irrigated land would have to be sown with new variety seeds. Marketing requirements, increasing rapidly at the close of the 1960's, will more than double by 1980. Such gains would require credit significantly beyond current levels, not to mention supplementary inputs.

A final cause of concern is the tendency of surpluses in rice and corn to exert downward pressures on domestic prices, which could result in an unmanageable deficit for the RCA. This, in turn, could force the RCA either to lower support prices and/or export enough rice to maintain domestic prices. If export prices remain at reasonably high levels, it is likely that the RCA will take the latter course, especially if planned increases in livestock-poultry production do not materialize.

Still, this may not provide the desired solution for the Philippines if the projection of greatly increased world supplies of exportable rice and falling export prices during the latter half of 1968 and early 1969 materialize. In fact, it is very probable that consumer resistance to continued high prices for rice (and corn as well) may become more evident during 1969.

Reasons for optimism

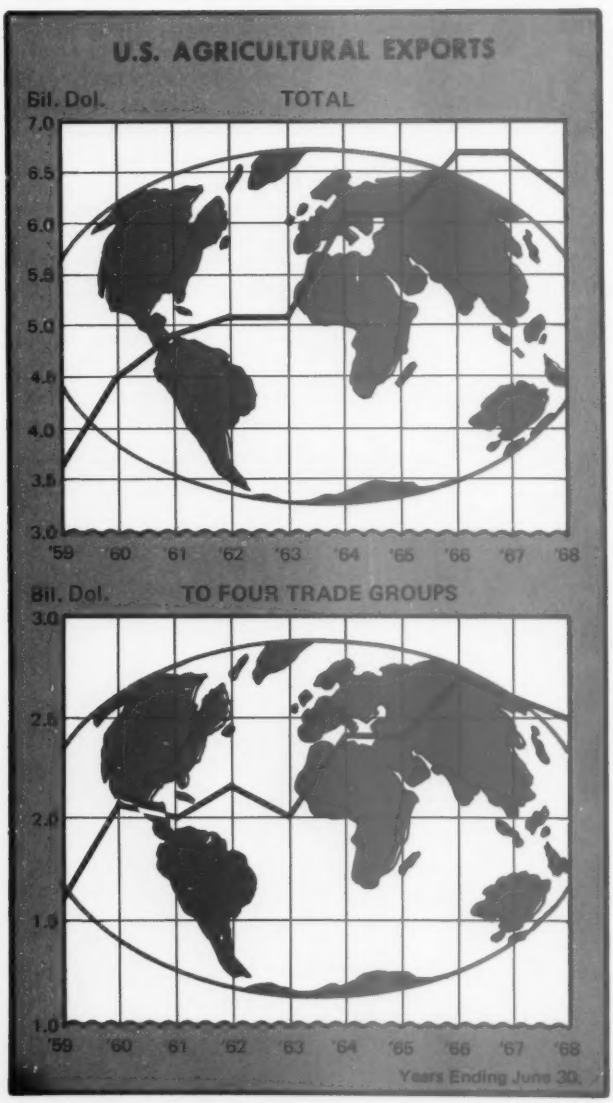
Despite these negative factors, the proclaimed rice posture of the present government has a chance of surviving. The government has, in the first place, succeeded in creating a relatively favorable environment for highly successful public-private cooperation in increasing rice and corn production. Also, new variety rice seeds are in adequate supply at prices comparable with old varieties, and the country is largely self-sufficient in needed fertilizer.

Perhaps the more important worry now is how to deal with problems resulting from larger rice production—lagging marketing facilities, changing domestic and export price structures, expanded credit requirements, etc. How the Philippines handles these problems may well set the pattern for developments in other countries experiencing similar production successes.

Threshing rice, left, by beating it against a rock (photo by H. N. Wilcox) and winnowing it in traditional way, below, contrasts with advanced experiments, right, at International Rice Research Institute.

U.S. Farm Exports to Regional Trade Groups

Four regional trade groups have accounted for an average of over 40 percent of U.S. farm exports during the last 10 years. However, the future is less certain as they consider more restrictive policies.



The world's four major regional trade groups all have policies that are, in varying degrees, designed to encourage trade among their member countries and put nonmembers in the position of residual suppliers.

Both the *European Community (EC)* and the *Central American Common Market (CACM)* now permit nearly all farm products to move freely among their members and apply common external tariffs and/or levies on most agricultural imports from nonmembers. Countries of the *Latin American Free Trade Association (LAFTA)* grant duty-free or preferential entry to other LAFTA members, but have no common external tariffs. All, however, use both tariff and nontariff barriers to restrict imports. The *European Free Trade Association (EFTA)* has free trade in manufactured products, including many processed agricultural products, but not in agricultural commodities, although bilateral agreements for certain agricultural goods favor EFTA suppliers; each country retains its individual tariffs and other trade barriers on imports from nonmembers.

Most of these policies—and some complementary ones aimed at increasing production within a given trade group or individual country—were initiated within the last 10 years. Their effects on the agricultural production and trade of the countries adhering to them have become evident only in about the last 2 years, as have their effects on U.S. agricultural exports. (Among major exceptions were effects on U.S. exports of poultry and wheat flour, which showed up earlier.)

Over the past 10 fiscal years, these four trade groups have taken an average of about 41 percent of U.S. agricultural exports. From a value of $1.6 billion in fiscal 1959, U.S. exports to the four rose to a record $2.7 billion in 1966 and fell to $2.5 billion in 1968. Shipments to the EC and EFTA also peaked in 1966, falling in 1967 and again in 1968. Exports to CACM saw a steady climb from 1961 to 1967, then leveled off at the 1967 level in 1968. Shipments to LAFTA rose steadily between 1961 and 1967 and showed a sizable increase between 1967 and 1968. However, Venezuela and Bolivia—late joiners of LAFTA—were included in these figures for the first time in 1968; if exports to these two countries are excluded, the value of 1968 shipments to LAFTA falls below that of 1967.

A closer look at 10-year trends in U.S. farm exports to these four regional trade groups follows.

The European Community

U.S. agricultural exports to the EC (France, West Germany, Italy, the Netherlands, Belgium, and Luxembourg) in fiscal 1968 were valued at $1.4 billion, 22.2 percent of total farm exports. This compares with $791 million or 21.3 percent of the total in 1959 and a high of $1.6 billion, or 23.9 percent in 1966. Over the 10-year period, the Community took an average of 22.5 percent of U.S. farm exports.

The reversal of the expansion in U.S. agricultural exports to the EC after 1966 came mainly as a result of the Community's Common Agricultural Policy. A number of U.S. commodities have been less affected either because of demand factors or because of GATT bindings. EC policies have proved severe on others. Unfortunately, the severe effects appear to be indicative of what the future may hold, as evi-

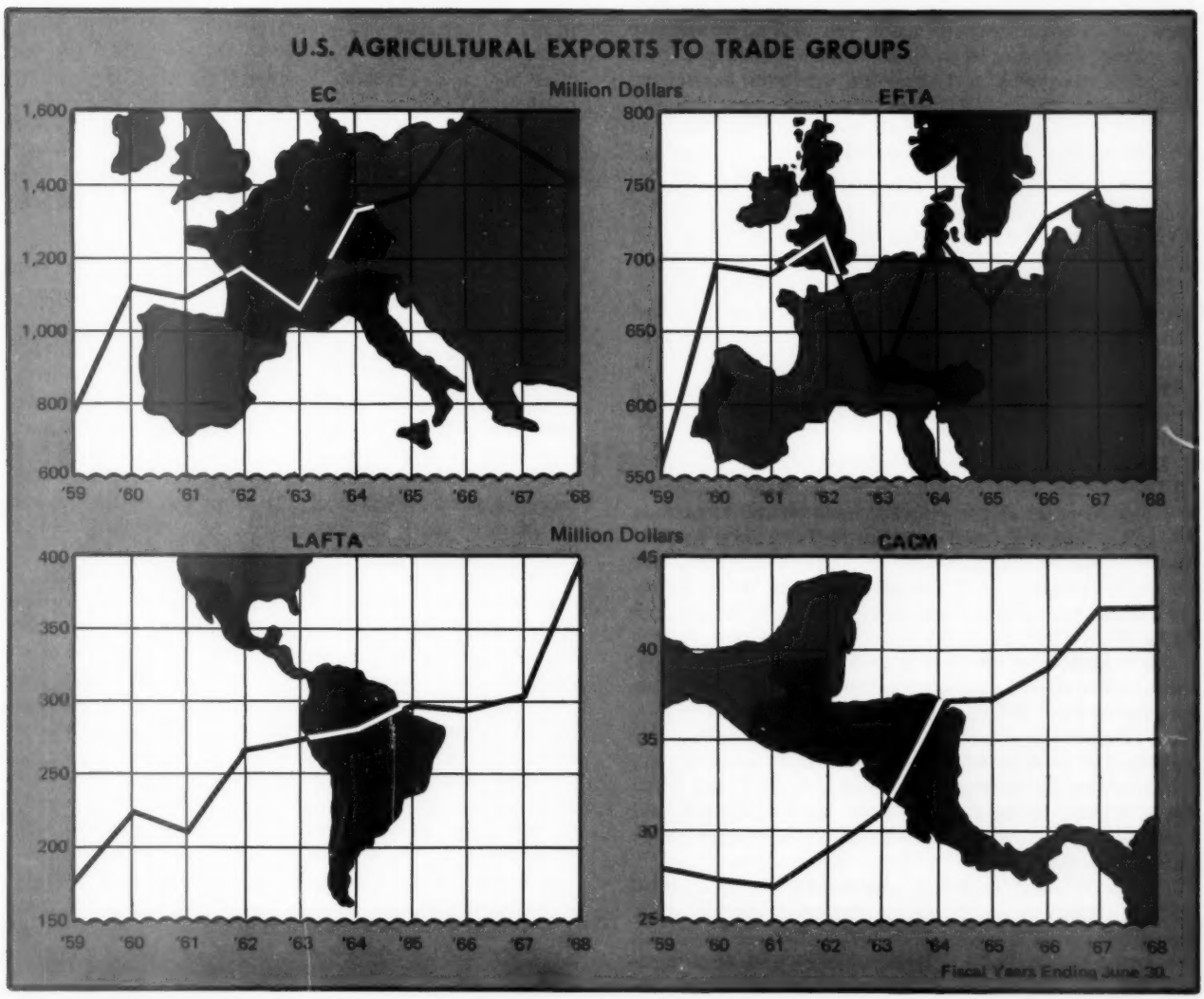
denced by a recent EC proposal to tax vegetable oil and meal —much of it of U.S. origin—in hopes of reducing the Community's butter surplus.

Feedgrains remain the top commodity among U.S. farm exports to the EC although in actual value exports have declined in the last 2 years. In the last 10 years they have varied from a low of $197 million in 1961 to a high of $538 million in 1966 and were worth $398 million in 1968. Increased demand for meat, prompted by rising incomes, and high support prices have encouraged expanded livestock and poultry production in the EC, bolstering feedgrain use. U.S. exports of grain byproducts to be used for feed have risen substantially. If the EC adopts the proposal for slaughtering dairy cows as put forth by Dr. Sicco Mansholt, EC Commission Vice President in Charge of Agriculture, the demand for imported feedgrains may level off. Substitution of local for imported feeds may force a decline in U.S. feedgrain sales.

Next in rank are sales of *oilseeds*, followed by *oilcake and meal*. Oilseed sales zoomed way up to a value of $318 million in 1967 from $90 million in 1959 as demand for their products—vegetable oil and protein-rich meal—increased. In 1968 sales dropped back to $278 million, largely because of competition from Russian sunflowerseed. U.S. oilseed cake and meal sales saw an almost steady rise from $8.7 million in 1959 to $170 million in 1968.

Sales of *tobacco*, which rank next, have risen mainly because German cigarette manufacturers prefer lighter U.S. tobaccos and because of the international sanctions against Rhodesian tobacco. In 1968, U.S. tobacco exports to the EC were valued at $124 million, down from the 1967 level of $154 million but still considerably higher than the 1959-61 average of $86 million. However, future U.S. sales could be endangered by a proposed Common Agricultural Policy on tobacco and competition from EC associate countries.

Wheat and flour exports to the EC have fluctuated considerably in the past 10 years, mainly because the United States is a residual supplier with sales influenced by production within the Community and shipments by other third-country exporters. Shipments have varied from a high of $134 million in 1961 to a low of $41 million in 1965 and totaled $88 million in 1968. Further declines seem likely in view of the high import levy.



Other important U.S. exports to the EC include *cotton, fruits and preparations, meats* (including poultry), *rice,* and *animal fats and oils*—all with values over $20 million in fiscal 1968.

Cotton shipments have declined for several reasons—inroads by synthetics into former cotton markets, a slowdown in EC textile production, and a smaller supply of U.S. cotton available for export. Exports of fruits and preparations varied from a low of $43 million in 1959 to a high of $79 million in 1966 and totaled $53 million in 1968. The 1968 exports were adversely affected by the short U.S. citrus crop, greater competition from other suppliers, and the new EC levy on the sugar-added content of canned fruits.

Poultry sales have fallen off substantially with the boom in EC production and the Community's variable levy, while sales of other meats, largely variety meats, have slipped by a few million dollars. Altogether, meat exports were valued at $51 million last year. Rice exports have seen a steady rise since 1965 and in 1968 reached their highest level of the last 10 years, totaling $25.5 million. Increased U.S. sales resulted from short supplies in Thailand and Burma, along with a preference in some EC countries for long grain over the short-grain rice produced within the Community. U.S. shipments of animal fats and oils have been falling in response to greater production of lard and tallow within the EC; in 1968 they were valued at $23 million, the lowest level of the past 10 years.

The European Free Trade Association

The European Free Trade Association has not developed a common agricultural policy; therefore its impact on U.S. trade is substantially smaller than that of the EC. U.S. agricultural exports to the EFTA countries (the United Kingdom, Denmark, Norway, Sweden, Switzerland, Portugal, and Austria; data for Finland, an associate member, are not included here) were valued at $653 million in fiscal 1968, a drop of $92 million from the 1967 high but $100 million above the 1959 level. The percentage of total U.S. farm exports going to EFTA nations dropped from about 15 to 10 percent in the same 10 years.

A major factor in last year's decline in U.S. exports to EFTA was the good crops harvested generally throughout this regional group. Another factor, more difficult to measure but undoubtedly important, was the 1967 currency devaluations by two EFTA members—the United Kingdom and Denmark. Declines in U.S. exports to these two countries alone accounted for almost $62 million of the $92 million total decline.

The biggest item among U.S. exports to the EFTA countries—*tobacco*—was relatively unaffected by any of the above factors. In fiscal 1968 exports were valued at $216 million, second highest level for the 1959-68 period and exceeded only by the 1967 level of $221 million. Tobacco accounted for about 30 percent of total U.S. exports to EFTA in 1968. Larger exports in the last few years have undoubtedly resulted from the embargo of Rhodesian tobacco by all EFTA members except Portugal.

Exports of *grains* to EFTA nations in 1968 were valued at $140 million, about 25 percent of total shipments to the group. *Feedgrains* accounted for $101 million or 16 percent of the total, the lowest level in the 10 years under consideration. Exports of *wheat and flour,* which have fluctuated considerably, were valued at $25 million, considerably below the 10-year average of $49 million. Shipments of *rice,* however, were at a record for the 10 years and were valued at $14 million.

Exports of *oilseeds* (particularly soybeans) and *oilcake and meal* have both risen considerably in the last 10 years. From a value of $19 million in 1959, shipments of the former rose to $74 million in 1968; during the same period, oilcake and meal exports rose from $2 million to $21 million. The reason for the rise is the growing demand for protein feeds for an expanding livestock industry.

Shipments of *fruits and preparations* to the EFTA countries in the last 10 years have fluctuated from a low of $36 million in 1959 to a high of $63 million in 1962 and were valued at $46 million in 1968. For these products, shipments from nearer suppliers like Spain, Italy, and Israel, as well as from the other important producers—South Africa and Australia—are instrumental in determining the level of U.S. sales.

Other important exports to the EFTA countries include *cotton, vegetables and preparations, meats,* and *animal fats and oils.* Cotton exports in fiscal 1968 fell to their lowest level of the 10 years and were valued at $33 million, compared with the 10-year high of $101 million in 1961. Shipments of vegetables and preparations, at $26 million, were about halfway between the 1959 low of $15 million and the 1963 high of $34 million. For meat, the situation generally parallels that for the EC, with poultry shipments—never very big anyway—declining and those of other meats—primarily variety meats—holding their own. Exports of animal fats and oils in 1968 hit a low for the 1959-68 period, dropping to a value of $17 million as both domestic production and competition from other suppliers—primarily EC countries—picked up.

The Latin American Free Trade Association

LAFTA now has 11 members—Brazil, Venezuela, Mexico, Peru, Colombia, Chile, Ecuador, Paraguay, Uruguay, Argentina, and Bolivia. In fiscal 1968 the first six on this list ranked among the United States' top 40 markets for farm products. All figures given here, except for 1968, exclude Venezuela and Bolivia, which did not become members until 1966 and 1967, respectively.

U.S. agricultural exports to the LAFTA countries have averaged about 5 percent of total farm exports for the last 10 years. Exports to the original nine members inched upward gradually from a value of $176 million in fiscal 1959 to $304 million in 1967; they totaled $393 million to the 11 countries in 1968. Although intra-LAFTA trade has increased considerably since the Association was founded in 1961, these countries still get half their agricultural imports from third countries. The United States ranks first among these outside suppliers but has a negative agricultural trade balance with the region because of the numerous tropical products it buys from LAFTA members.[1]

Recent large increases in intra-LAFTA trade in certain agricultural products have stunted or limited the expansion of some U.S. agricultural exports to the region. Major U.S. competititor within LAFTA is Argentina, which has been moving into the wheat, vegetable oil, tallow, and fruit markets.

[1] See Susan A. Libbin, "Effects of the Latin American Free Trade Association on U.S. Agricultural Exports," *Foreign Agricultural Trade of the United States,* Economic Research Service, USDA, Oct. 1968.

In addition, U.S. exports to some LAFTA countries have been affected by their domestic policies encouraging self-sufficiency, production cycles, bilateral trade agreements, and restrictive trade policies.

LAFTA members have proposed to form a common market with the other Latin American countries between 1970 and 1985. While such a common market would favor trade among members over imports from outside suppliers, it could result in some expanded U.S. dollar markets if it encourages a more rapid rate of economic growth.

By far the top item among U.S. agricultural exports to the LAFTA countries as a group in fiscal 1968 was *wheat* (including flour) valued at $177 million, compared with $87 million in 1960 and $128 million in 1967. The United States is the biggest third-country supplier of wheat, but faces competition from LAFTA producers Argentina and Mexico, as well as from third-country suppliers such as Australia.

Other major exports to the LAFTA countries—all with values over $10 million in fiscal 1968—include *animal and vegetable fats and oils, dairy products, feedgrains, vegetables and preparations, fruits and preparations,* and *hides and skins.* U.S. sales of *cotton* have been cut badly by competition from LAFTA suppliers and amounted to only $182,000 in 1968.

The Central American Common Market

U.S. agricultural exports to CACM countries (Guatemala, Honduras, El Salvador, Costa Rica, and Nicaragua) gained gradually from a 1959 level of $28 million to $42 million in 1967 and stayed at the 1967 level in 1968. For the last 10 fiscal years, they have averaged approximately 0.6 percent of total U.S. farm exports.

Since the formation of the CACM in 1961, trade among its member countries has increased substantially. Although this trend has been most evident in nonagricultural trade, intra-CACM movement of farm products has also risen. Major farm products traded within the CACM include corn, vegetable oils, lard substitutes, meat, fruit, rice, feedstuffs, and cereal preparations. The United States remains the largest third-country supplier of farm products. As is the case with the LAFTA countries, the United States has a favorable overall trade balance with the CACM but a negative agricultural trade balance, again because of the tropical products CACM countries supply.

Integration has proceeded rather quickly, and today the CACM countries have free internal trade on about 96 percent of the commodities produced domestically. In addition, they have established common external tariffs on about 98 percent of their import trade.[2]

The major U.S. agricultural export to the CACM countries is *wheat,* one of the few remaining commodities not freely traded within the region and not subject to a common external tariff. Because they produce very little wheat, CACM countries must import nearly all their requirements, which are growing with urbanization and population increases. U.S. shipments of wheat, including flour, were valued at almost $16 million in fiscal 1968, compared with about $9 million in 1960. Although the United States remains the principal supplier, competition from Canada and Argentina is increasing.

Second ranking U.S. export category is *animal fats and oils,* primarily tallow. Like wheat, tallow is not freely traded nor subject to a common external tariff. Exports of animal fats and oils were valued at $5.2 million in 1968. The United States supplies nearly all the region's imported tallow. At one time this country also supplied most of CACM's imported lard, margarine, and lard substitutes; however, intra-CACM trade in these items has increased and edged out the U.S. supplies.

Other U.S. agricultural exports to CACM with values of over $1 million in fiscal 1968 included *dairy products, feedgrains, fruits and preparations, oilcake and meal,* and *rice.* Exports of beef and dairy breeding cattle have become important in recent years and in calendar year 1967 totaled 1,155 head. —M. A. N.

[2] See Susan A. Libbin, "The Central American Common Market and the Changing Pattern of Its Agricultural Imports," *Foreign Agricultural Trade of the United States,* op. cit., Jan. 1969.

IADB Grants Loan for Brazil's Livestock Industry

The Inter-American Development Bank is lending $26 million to help finance a credit program designed to expand beef cattle production in three States of Brazil—Bahia, Minas Gerais, and Espírito Santo.

The program will enable medium-scale ranchers to increase their herds, purchase machinery, and obtain technical assistance. It will also foster the settlement of new rural lands and strengthen the agricultural base of the economy in the program area, which covers about one-third of the three States.

The Bank loan will finance 50 percent of the $52-million program, with the remaining portion being contributed by local sources. About 60 percent of the funds will be utilized in Minas Gerais, 30 percent in Bahia, and 10 percent in Espírito Santo.

The Brazilian Government has given priority to the area's livestock development because these States are heavy suppliers of beef to neighboring States and the metropolitan centers of Rio de Janeiro and São Paulo. The three States account for nearly 20 million of the nation's 70 million head of cattle and are considered to have a high potential for expanding output.

However, the efficiency of cattle farming is low, and disease, sanitary problems, and the lack of suitable winter feed are major obstacles to increased animal production. This winter period of feed deficiency coincides with the main calving season, leading to a high rate of calf mortality and longer than average time spans between calvings. A shortage of supervised credit and technical aid also has retarded the region's beef expansion.

Specifically, the program aims to increase the pasture capacity for cattle; improve the weaning rate from 55 to 75 percent; reduce the calf mortality rate from 25 to 9 percent; lower the time it takes for a steer to reach full weight from 4 and 5 years to 3 years; and improve the slaughtering rate from 11 to 21 percent.

The program being financed by the Inter-American Bank is designed specifically to aid medium-sized ranches of from 240 to 2,400 acres in size and with a net worth of not more than $50,000. In some cases, local counterpart resources will be used for projects on ranches of up to 4,800 acres and with a net worth not exceeding $70,000.

Less U.S. Sorghum to Norway

Record 1968 grain production in Norway has reduced that country's need for feedgrain imports this year. Final Ministry of Agriculture estimate of last year's grain production—almost all for feed—is 820,000 metric tons, nearly 200,000 tons more than in 1967. Close to 500,000 tons are expected to be sold to the Grain Corporation; this is 160,000 tons more than ever before.

To encourage sales of domestic barley and oats, grain sorghum will temporarily be removed from Norwegian feed formulas as soon as existing stocks are exhausted. As a result, imports of grain sorghum will be greatly reduced; the United States has been the major supplier of this grain to the Norwegian market in the past.

Corn sales from the United States to Norway will be negligible this year, consisting mainly of a few shipments already received. Imports of U.S. wheat will be smaller also, although the Grain Corporation is expecting to conclude negotiations for two shiploads (totaling about 30,000 metric tons) of Northern Spring wheat, one to be unloaded this year.

More of Norway's 280,000-ton milling wheat import requirement than before may be covered by low-priced European wheat. Should current inter-Scandinavian negotiations for closer Nordic economic cooperation result in agreement, chances are that Norway's grain trade with her neighbors, particularly Denmark, will increase. The Grain Corporation is now covering about 30 percent of the milling wheat requirement through cheaper European wheat.

Reasons for Norway's record grain production this year were excellent weather conditions and a minor increase in area. Import requirements for 1969-70 are estimated at 150,000 to 200,000 metric tons of grain sorghum, 110,000 tons of corn, and 75,000 tons of feed wheat if average grain crops are harvested this year.

—Based on dispatch from ARTHUR M. ROLLEFSON
U.S. Agricultural Attaché, Copenhagen/Oslo

Communist Agriculture Factbook

A publication that promises to become an important source document for a wide variety of workers is the recently released *Agricultural Statistics of Eastern Europe and the Soviet Union, 1950-66,* prepared in the Foreign Regional Analysis Division of USDA's Economic Research Service.

A compendium of post-World War II data, the publication presents basic facts about the agricultures of Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, Yugoslavia, and the Soviet Union. Previously such data could be obtained only from a number of statistical publications from each of the countries, in the language of each.

The 110-page factbook contains 99 tables of statistics on land utilization, crop production, livestock numbers and output, major inputs, and per capita consumption of major agricultural commodities. Data cover a prewar average or a single prewar year plus each year from 1950 through 1966. The postwar period includes the time in which communism in agriculture was introduced to the East European countries and when it became established in its present form.

Evident from the data are major trends in agricultural development in these Communist countries, which are relevant to the current concern with East-West trade in agricultural products since they serve as one indication of the direction of future developments.

To aid in the use of the data presented, which are the unadjusted official figures published by the government of each country, pertinent peculiarities and limitations of the statistics are flagged in explanatory notes.

Single copies of the new factbook—ERS-Foreign 252—are available from Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D.C. 20250.

View on Canadian Protectionism

At the annual conference opening of the Canadian Horticultural Council (CHC) in Ottawa last month, Agriculture Minister Bud Olson told delegates that protection is not the long-term solution to the problems facing Canadian agriculture. The Minister felt, however, that there must be some protection against distress selling of imported goods and that measures must be taken to prevent abnormal conditions, such as drought or exceptionally good weather, from causing disaster to one commodity group. He suggested that a national marketing agency could introduce some measure of price stability but added that there is no general agreement on this since problems would be created if a national agency should attempt to control the supply and marketing of farm products.

Mr. Olson cited the following problems that would be raised by national controls: Import controls would mean changing Canada's trade policy; production controls are distasteful to farmers; production quotas tend to discourage the implementation of new technology and could strangle the industry; marketing is under Provincial jurisdiction, but uniform administration of national marketing would require Federal control.

The Minister suggested that every time producer groups ask the government to bail them out they should also ask themselves where such action should end. The Minister said that the Federal Government does not have pat answers on what will be acceptable to the Provinces and to agriculture but he hoped the National Agricultural Congress to be held in late March would speed up the solutions.

It was Minister Olson's feeling that the agricultural industry must try to estimate effective markets for its products. He also expressed his concern with the important humanitarian problem of world food needs, but felt that need had to be converted into an effective market in order to be useful to producers.

Also at the conference, the chairman of the apple committee of the CHC presented his committee's report to the delegates for discussion. Canadian applegrowers are reported to want C$2 million a year from the Federal Government to help finance exports of fresh and canned apples. Their request is said to have been turned down twice before by the Canadian Government.

Before the Council is a resolution from the Nova Scotia Fruit Growers Association calling on the Federal Government to make grants available for the construction of additional cold storage facilities for apples. A resolution from the New Brunswick Fruit Growers Association says Canadian per capita apple consumption is below that of the United States and other countries and calls for implementation of an advertising campaign to establish apples as a basic necessity in the diet.

—Based on dispatch from ALFRED R. PERSI
Assistant U.S. Agricultural Attaché, Ottawa

Preview: Central America's Farm Trade

By Francis S. Urban
Foreign Regional Analysis Division
Economic Research Service

This is eighth in a series of articles (see Dec. 30, 1968, issue) that Foreign Agriculture *is publishing on supply-demand studies for farm products in key areas. Each study was conducted under contract with USDA, and basic data are from overseas sources. Study trends may be more important than quantitative conclusions, and USDA does not always agree with projections given.*

The study reports that Central America (Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama) is a net food importer. Despite the efforts connected with the implementation of the Central American Common Market (CACM) to stimulate local production and improve intra-regional trade, the region may have to continue to rely on imports to satisfy a substantial proportion of its demand for food.*

Large imports are projected for wheat, milk, and eggs; and imports may also occur for coarse grains, beef and poultry meat, and tobacco. The region is expected to continue to export its traditional products: bananas, sugar, coffee, and cotton.

Imports of wheat are expected to increase from 245,000 metric tons in the base period 1962-64 to 475,000 tons in 1980 (see table below). Similariy, imports of milk and milk products in fresh milk equivalent are expected to increase to 466,000 tons, eggs to 33,000 tons, chicken meat to 11,000 tons, and tobacco to 7,000 tons. The region, which has been an exporter of beef, may turn into a net importer and may also have to continue to import quantities of corn, sorghum grains, and animal fats. Central America is expected to remain self-sufficient in the production of rice, beans, potatoes, vegetable oils, and pork meat, and in some cases produce exportable surplus.

In the case of products traditionally exported from the region, sugar exports may increase from 178,000 tons in the base year to 437,000 tons in 1980, coffee exports from 291,000 to 384,000 tons, and cotton lint exports from 214,000 to 365,000 tons. Exports of bananas, which have been over 1 million tons, may remain constant or even decrease slightly.

The projections to 1980 were developed by the Battelle Memorial Institute after an analysis of historical production, consumption, and trade trends and of factors likely to affect these trends in the future. The projections include three population projections, high, medium, and low, assuming three possible rates of growth, 3.9, 3.5, and 3.1 percent per year, and one gross domestic product (GDP) projection.

Under the assumption of medium rates of growth, the population of the region is expected to increase from 13.9 million in 1965 to 23.2 million by 1980, with urban population increasing from 37 percent of the total in the base year to 44 percent in 1980. The GDP is expected to increase at the annual rate of 5.6 percent, or on a per capita basis at about 2.1 percent. In absolute figures, at 1963 price levels, the gross domestic product per capita is expected to rise from $299 in 1965 to $404 in 1980.

For each commodity six net trade projections were made, showing either an exportable surplus or import demand. These projections were based on the three population projections and on per capita consumption taken in one case as constant and in the other case changing according to projected per capita income increase and stated demand elasticities. This procedure was justified by the short time series data generally available for Central American countries.

For some commodities this approach resulted in a wide range of projected demand and possible trade balances. Using medium population projections, projected income and income-demand elasticities, it is possible to arrive at an estimate of the most probable trade balances.

The determination of potential U.S. trade or probable U.S. share of Central America's foreign trade was not part of the study. However, with the strong trend towards regionalization through the various agencies of CACM, it will be increasingly difficult to export to Central America products that can be produced within the region. Wheat and wheat products probably will continue to constitute the largest import items. The United States is the main wheat supplier to the region, but will meet an increasing competition from Mexico and Argentina. Processed milk will also continue to be a significant import item and the United States a major source.

The United States will continue to import from the region significant quantities of sugar, bananas, and coffee beans.

CENTRAL AMERICAN[1] NET TRADE OF SELECTED AGRICULTURAL PRODUCTS

Products	1962-64	1980
	1,000 metric tons[2]	*1,000 metric tons*[2]
Cereals and other starchy products:		
Wheat and wheat flour	−245	−475
Rice	−11	12
Corn	−18	−176
Grain sorghum	1	−103
Beans	−3	−7
Potatoes	[3]2	5
Plantains	(4)	−125
Vegetable oils[5]	−2	35
Meat and other animal products:		
Beef	10	−19
Pork	(4)	7
Poultry meats[6]	−1	−11
Milk[7]		−466
Eggs	—	−33
Animal fats and oils[8]	−6	(4)
Export products:		
Sugar	178	437
Bananas	1,040	1,019
Coffee beans	291	384
Cotton lint	214	365
Tobacco (unmanufactured)	−1	−7

[1] Comprises Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama. [2] Plus indicates export availability; minus indicates import requirement. These quantities were projected on the basis of medium population projections and changing per capita consumption due to the increased income as modified by income demand elasticities. [3] 1964 only. [4] Less than 500 tons. [5] Cottonseed oil, palm oil, soybean oil, coconut oil, and olive oil. [6] Chicken only. [7] Milk and milk products in fluid milk equivalent. [8] 1963 and 1964 only.

* *Projections of Supply and Demand for Selected Agricultural Products in Central America Through 1980.* Battelle Memorial Institute, 1968.

U.S. Foods Tempt Swedes at TEMPO

Riding a wave of increased Swedish interest in high-quality American food products, all 79 of the TEMPO/Aahléns & Holm stores took part last month in a promotion week starring "Gott fraan Amerika" (Good things from America).

A much smaller TEMPO-Aahléns campaign in 1966, involving only two department stores and 13 food stores, paid off in an 84-percent rise in purchases of U.S. foods in 1968 compared with 1966—from $800,000 to $1,475,728. This year, the TEMPO stores, like a number of other Swedish chains (see *Foreign Agriculture*, Feb. 3, 1969, p. 13), are taking advantage of the public favor already built up by this and other previous promotions—including American participation in Sweden's international fair, St. Erik's—to expose many more of their customers to American food products old and new.

Among the new products introduced to TEMPO shoppers during the February 6-15 campaign were refrigerated doughs, chicken breasts, Idaho potatoes, salad tomatoes, and canned green beans and kernel corn. And a new wrinkle in the promotion of fresh fruits and vegetables brought immediate sales results, TEMPO-Aahléns produce managers reported. This was the presence and advice of a U.S. expert in fruit and vegetable distribution and marketing. Albert Bruno, president of an Indiana fruit company, was brought over by the chain to show its stores American methods for the display and merchandising of fresh fruits and vegetables. With this aid, air-shipped supplies of such items as apples and pears, cherry tomatoes, radishes, iceberg lettuce, and green peppers moved swiftly and efficiently into display counters and from there into customers' shopping bags.

Among other U.S. food products featured were canned goods like corn on the cob, asparagus, pineapple, sliced peaches, fruit cocktail, apricots, soups; frozen goods like salmon, grape juice, lime concentrate; other juice like orange, pineapple; dried fruits like raisins and prunes; cookery aids or meal embellishments like baking powder, vinegar, chili sauce, salad dressings, marshmallows; snack items like peanut butter and peanuts, cocktail mixes, dips, popcorn, cookies; American specialties like processed rice, instant breakfast, instant cream. The taste-conscious Swedes responded eagerly to demonstrations of food combinations featured in newspaper publicity like that shown at right.

majs och tomater

ugnstekt kalkonbröst

Above, sampling frozen juices. Right, newspaper advertisements: corn and chili, turkey breast. Below, produce-marketing expert meets with store manager, attaché, and visiting specialists from Washington, D.C., and London.

In the trade area—focal point of the U.S. exhibit—a U.S. breeder holds a serious discussion with Italian livestockmen about the possibility of selling frozen semen.

Livestockmen Meet at Verona Fair

The U.S. presence at the 71st International Agricultural Exhibition in Verona, Italy, March 9-17, featured displays, background information, and above all man-to-man advice on dairy and beef cattle, feedgrains and supplements, and vegetable and flower seeds.

To this agricultural show—one of Europe's most important—the United States sent its livestock know-how, in an exhibit whose theme was "Better livestock production through animal selection, modern feeding, and efficient management." On hand for down-to-earth discussions with Italian farmers and tradesmen were a number of American experts and breeders from Florida, Missouri, Texas, Vermont, and Virginia. The exhibit was sponsored and arranged by FAS, with the cooperation of the Holstein-Friesian Association of America, the American Angus Association, Santa Gertrudis Breeders International, the American International Charolais Association, the U.S. Feed Grains Council, the National Renderers Association, the Ferry Morse Seed Co., and the Virginia Department of Agriculture.

A Duroc sow, purchased from the United States 2 years ago, was on display as a graduate of USFGC's cooperative "lean pork" project with the Modena Livestock Institute—one of many such projects in aid of U.S. feedgrains.

For Italian farmers, who came to Verona by the thousands, the U.S. exhibit told the story of how "Green America" succeeded in becoming a profitable industry. By showing how American breeding and feeding methods can help Italian agriculture, the exhibit also looked toward the opening of new avenues for the exportation of American cattle and grains to this part of Europe.

More Advance Word on Tokyo Fair

For the biennial Japanese International Trade Fair, being held in Tokyo this year, final plans of the U.S. food and agricultural product exhibit are being polished as the April 17 opening date nears.

Some highlights: The Fair, eighth in a series, will take place at Harumi Wharf on Tokyo Bay. In the U.S. exhibit, nine commodity organizations and over 70 different company or State participants will have displays.

At the entrance, visitors will see a demonstration kitchen, where a home economist will prepare, for their sampling, recipes using the various foods being promoted by commodity groups. The commodity booths too will do demonstrations with sampling.

Notes on commodity exhibits: Wheat Associates, USA, will introduce refrigerated dough items—hitherto unknown to Japanese homemakers—including cookies, biscuits, and sweet rolls. Also new to home use are pancakes and waffles.

The U.S. Feed Grains Council will feature a variety of breakfast cereals.

The USDA beef display will again feature the choice meat cuts introduced to the Japanese market last year during the American Festival and further shown at later promotions.

A trade-only area will offer facilities for businessmen to get together on the specifics of buying and selling. Grocery Manufacturers of America, in cooperation with FAS, will send a representative to assist U.S. companies that do not have agents in Japan.

Philippines Cuts Meal Tariffs

The Philippines has substantially cut back its import tariffs on meat, bone, fish, and soybean meals used in the production of animal feeds—a move which will benefit exporters in the United States, chief source for all of the above ingredients except fishmeal.

In fiscal 1968 U.S. sobyean meal exports to the Philippines were valued at $3.9 million, and sales of meat, bone, and feather meals nearly $200,000.

Applicable ad valorem duties on soybean meal were lowered from 26 to 10 percent and those on other meals from 10 percent to 5 percent by Executive Order in effect February 20, 1969. A concentrated effort was also made to obtain a tariff reduction for feed grade tallow, not included in this round.

Demand for the affected feed products in the Philippines has risen sharply along with the rapid expansion of the country's feed industry. Soybean meal import requirements were further boosted by the shutdown 2 years ago of the country's two soybean crushing plants.

The new duty reductions, along with an expected continued expansion of the feed industry, enhance the prospects for further growth in U.S. marketing of these products in the Philippines. —Based on dispatch from FRED W. TRAEGER

U.S. Agricultural Attaché
Manila

News of In-Stores

New dates and new entries for European in-store promotion of U.S. foods, plus first 1969 listings for Japan:

Apr. 17-23 (new date), Delhaize Freres & Cie., Belgium—32 supermarkets; Mar. 20-Apr. 5 (new item), L. Gottlieb G.m.b.h., West Germany—16 supermarkets, 59 self-service; Mar. 20-Apr. 12 (new item), Kooperative Forbundet, Sweden (vegetables only)—360 supermarkets; Mar. 24-Apr. 12 (new date), Hammonia Handels G.m.b.h., West Germany—60 self-service; Apr. 21-May 3 (new date), MIGROS, Switzerland—40 self-service and supermarkets; May (new item), CENTRA, West Germany—20 self-service.

The Japanese in-store promotions—all in department stores—were initiated by the U.S. Department of Commerce, USDA joining in. The list: Apr. 29-May 5, Hankyu, Osaka; May 3-11, Isetan, Tokyo; May 6-11, Iwatoya, Fukuoka; May 30-June 4, Meitetsu, Nagoya.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Canadian No. 2 Manitoba dropped 3 cents since the previous week. U.S. No. 2 Soft Red Winter dropped 1 cent and Argentine was down 2 cents. Argentine Plate corn was lowered 1 cent.

South African corn and grain sorghum export sales have ceased, according to a Mealie Board spokesman.

Item	March 18	March 11	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.98	2.01	2.06
USSR SKS-14	1.88	1.88	1.96
U.S. No. 2 Dark Northern Spring 14 percent	1.89	1.89	1.99
U.S. No. 2 Hard Winter 14 percent	1.88	1.88	(1)
Argentine	1.82	1.84	1.89
Australia Prime Hard	1.86	1.86	(1)
U.S. No. 2 Soft Red Winter	1.70	1.71	1.76
Corn:			
U.S. No. 3 Yellow	1.36	1.36	1.38
Argentine Plate	1.39	1.38	1.51

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Philippine Exports of Coconut Products

Registered exports of copra from the Philippine Republic during January 1969 totaled 48,988 long tons, an increase of 4,970 tons over last year. Of the total, 14,308 moved to the United States, as compared with 11,300 tons in January 1968.

Exports of coconut oil amounted to 10,040 long tons, down sharply from the 25,255 tons exported last January. Shipments to the United States were 4,231 tons, as compared with 17,112 a year earlier.

Desiccated coconut exports during January 1969 were 3,794 short tons with 2,459 tons moving to the United States. In the same period a year ago, exports were 3,637 tons, of which 3,375 came to the United States.

U.K. Cigarette Exports Rise

British exports of cigarettes in 1968 totaled 36.2 million pounds, up 9 percent from 1967. The 1967 exports were up 6 percent from the previous year and the largest in 10 years. Most of the rise in cigarette exports during the past 2 years has been to non-Commonwealth countries.

Exports to non-Commonwealth countries in 1968 were 26.7 million pounds, representing an increase of 12.6 percent over shipments to the same group of countries in 1967. Shipments to Commonwealth areas were about the same as in the previous year, but 10 percent more than in 1966.

Kuwait, the principal export market for British cigarettes, received less in 1968 than in the previous 2 years, while Saudia Arabia, the second largest individual market during 1968, received more.

UNITED KINGDOM CIGARETTE EXPORTS

Destination	1966	1967	1968
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Commonwealth:			
Hong Kong	2,150	2,220	2,274
Singapore	1,752	2,076	2,080
Malaysia	727	772	705
Persian Gulf States	1,273	1,804	1,509
Gambia	382	423	435
Cyprus	331	315	295
Australia	220	269	305
Gibraltar	277	268	294
Other	1,547	1,352	1,635
Subtotal	8,659	9,499	9,532
Non-Commonwealth:			
Kuwait	4,960	5,760	4,372
French Afars and Issas	1,327	2,244	2,073
Germany, West	1,849	1,772	1,928
Sudan	1,281	913	877
Canary Islands	688	902	1,266
France	1,598	900	778
Netherlands	595	826	775
South Yemen [1]	2,687	1,922	2,260
Saudi Arabia	31	10	2,947
Others	7,698	8,442	9,397
Subtotal	22,714	23,691	26,673
Grand Total	31,373	33,190	36,205

[1] Formerly Aden in the Commonwealth area.

Tobacco Intelligence, London.

U.K. Unmanufactured Tobacco Imports

Imports of unmanufactured tobacco into the United Kingdom during 1968 reached 328 million pounds, an increase of 17 percent over 1967 and the highest volume since 1961. Imports from the United States reached 165 million pounds, more than any year since 1960, and accounted for about one-half of the total. Flue-cured tobacco made up 95 percent of the total unmanufactured leaf imports.

U.K. IMPORTS OF UNMANUFACTURED TOBACCO

Type and country of source	1966	1967	1968
	million pounds [1]	*million pounds* [1]	*million pounds* [1]
Flue-cured:			
India	29	52	50
Canada	40	45	44
Malawi	6	7	9
Zambia	4	2	1
United States	130	131	163
South Africa	8	9	12
Other countries	[2]23	18	32
Total flue-cured	240	264	311
Other types:			
India	2	3	2
Malawi	8	4	5
United States	3	2	2
Other countries	9	7	8
Total other types	22	16	17
Total all types	262	280	328

[1] Dry weight.

[2] Includes 15 from Rhodesia.

Tobacco Intelligence, London.

In the absence of Rhodesian tobacco, the 52 million pounds imported from India provided the main Commonwealth source of supply. Arrivals from that area and also from Canada with 44 million pounds in 1968 were slightly lower than in the previous year.

With increased imports, stocks on hand at the end of the year recovered for the first increase since embargo of Rhodesian supplies. They reached 448 million pounds, about 13 million more than a year earlier.

Ontario Flue-Cured Prices

Auction sales of the 1968 flue-cured tobacco crop in Ontario, Canada, through March 7, 1969, have reached 177.1 million pounds, an average price of US 66.7 cents per pound. This is compared with sales of 172.9 million pounds in the same period of 1968 for an average 65.1 cents.

Daily sales volume has averaged about 2.1 to 2.4 million pounds. In the past few days, top grade prices have indicated some drop resulting in an increase in the number of sales rejects. Marketing officials estimate that the total poundage for this season should be near 200 million pounds and that the markets will close by March 21.

Short Argentine Canned Fruit Pack

Hail and frost damage has severely reduced 1969 production of Argentine canned deciduous fruits. The 1969 pack is estimated at 1,412,000 cases, equivalent 24/2½'s, 45 percent below the 1968 total of 2,589,000 cases and 19 percent below the 5-year 1963-1967 average. Peaches were notably damaged by hail in Mendoza, the main producing zone, where 50 percent of the fruit is reportedly unsuitable for canning. The peach pack is estimated at 1,225,000 cases, 44 percent below 1968 and 20 percent below average.

ARGENTINA'S CANNED DECIDUOUS FRUIT PRODUCTION

Item	Year ending Nov. 30		
	1967	1968	1969
	1,000 cases [1]	*1,000 cases* [1]	*1,000 cases* [1]
Apricots	22	24	24
Fruit cocktail	24	49	25
Fruit salad	196	196	73
Peaches	1,994	2,205	1,225
Pears	98	98	50
Sweet and sour cherries	17	17	15
Total	2,351	2,589	1,412

[1] 24/2½'s.

ARGENTINA'S SUPPLY AND DISTRIBUTION OF CANNED PEACHES

Item	1967	Preliminary 1968	Estimated 1969
	1,000 cases [1]	*1,000 cases* [1]	*1,000 cases* [1]
Beginning stocks (Dec. 1)	15	570	913
Production	1,994	2,205	1,225
Total supply	2,009	2,775	2,138
Exports	361	490	400
Domestic disappearance	1,078	1,372	1,288
Ending stocks (Nov. 30)	570	913	450
Total distribution	2,009	2,775	2,138

[1] 24/2½'s.

Exports of peaches during the 1969 season are forecast at 400,000 cases, 18 percent below last season. Exports to Venezuela, Brazil, and West Germany expanded significantly during 1968 while those to Peru declined.

Pakistan Cotton Destroyed by Fire

Fire in the Thole Produce Yard at Karachi, Pakistan, has reportedly destroyed and damaged around 80,000 bales (480 lb. net) of cotton in January and early February 1969. About 12,000 bales of cotton, destined primarily for East Pakistan, were destroyed or damaged by a fire January 6; later in the month another 8,000 bales were burned. The greatest damage was February 8, when about 60,000 bales of cotton and other commodities were lost. In terms of market value at mid-February 1969, the total fire loss in cotton cargo is estimated at Rs. 37 million (U.S. $7.8 million).

Pakistan's cotton exports totaled 887,000 bales in 1967-68 (August-July), compared with 558,000 bales a year earlier. Exports for the current season will likely be somewhat lower than in 1967-68 because of the fire. About 27 percent of Pakistan's total cotton exports in 1967-68 were destined for Hong Kong, 19 percent went to Japan, and 15 percent went to the Communist countries. Other countries of destination in order of total bales shipped were: United Kingdom, West Germany, France, Yugoslavia, Netherlands, Spain, and Belgium.

Cotton production in 1968-69 is estimated at a record of 2,400,000 bales, compared with the previous record of 2,305,000 bales a year earlier and the 1960-64 average of 1,656,000 bales. Cotton was harvested from an estimated 4,300,000 acres in 1968-69, up from 4,281,000 acres in 1967-68. Area and production have expanded for the past 4 years reflecting government emphasis on increasing the export earnings of cotton products and higher prices for cotton. Yield at 268 pounds per acre in 1967-68 is up 10 pounds per acre from last season and up 41 pounds from the 1960-64 average.

Cotton consumption in Pakistan in 1968-69 is estimated at 1,550,000 bales, compared with offtake of 1,450,000 bales in the previous year. Mill utilization of cotton has been increasing steadily since the 175,000 bales used in 1951-52.

Imports are expected to be about 15,000 bales in 1968-69, primarily extra-long staple cotton from the United States, down from 18,000 bales a year earlier. Stocks on August 1, 1968, are estimated at 465,000 bales, compared with 492,000 bales a year earlier.

The Liverpool quotation on March 6, 1969, for 289F SG cotton was 30.50 cents per pound for prompt delivery, compared with 27.15 cents per pound quoted February 6, 1969. Strengthened prices were influenced by the tightness of supplies, the delay in shipments as a result of the fire, labor difficulties in the storage yards and on the docks, and Mainland China's purchasing activity in the market.

Crops and Markets Index

Cotton
15 Pakistan Cotton Destroyed by Fire
Fats, Oils, and Oilseeds
14 Philippine Exports of Coconut Products
Fruits, Vegetables, and Nuts
15 Short Argentine Canned Fruit Pack
Grain, Feeds, Pulses, and Seeds
14 Weekly Report on Rotterdam Grain Prices
Tobacco
14 U.K. Cigarette Exports Rise
14 U.K. Unmanufactured Tobacco Imports
15 Ontario Flue-Cured Prices

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Angus Meat and U.S. Expert Please Guatemalans

Angus meat was the major new promotional target for the American Angus Association and the Guatemala Angus Breeders during the Guatemala National Livestock Exposition held March 9-16, 1969. Acceptance by the public of this high-quality meat was enthusiastic and encouraging.

Mr. Arnold Menchaca (meat grading supervisor with the Livestock Division of USDA's Consumer and Marketing Service in Omaha, Nebraska) spent 2 weeks in Guatemala assisting with the Angus meat promotion campaign, which was jointly sponsored by the Guatemala Angus Breeders, the American Angus Association, and the Foreign Agricultural Service. Mr. Menchaca's activities included a 15-minute TV appearance which featured a demonstration in the cutting of U.S.-style steaks and roasts, a discussion on what constitutes quality in meats, and a few cooking hints.

Mr. Menchaca also supervised the slaughter of 25 Angus crossbred steers and the cutting of the carcasses into U.S.-style steaks and roasts. These cuts were used by a local steak house that featured exclusively Angus meat during the week of the exposition. At the steak house, which was decked with promotional material advertising Angus cattle and meat, a guest could select a steak, brand it, and have it cooked to order.

An extra feature of the promotion week was U.S.-style hamburgers, made with Angus meat, which were sold at a booth at the exposition grounds. Guatemalans considered these a real treat, for the hamburgers were all meat, with no filler. In hamburgers made from the local meats, which contain almost no fat, use of filler is customary.

Local Angus breeders, besides supervising the promotional campaign, also provided 25 crossbred steers. These steers had been grain fed for 120 days.

Commercial cattle in Guatemala are marketed strictly according to weight. Until marketing according to quality and grade standards gains acceptance, local Angus breeders are attempting to create consumer demand for Angus meats, mostly among the restaurant and hotel trade, thus commanding a premium price for their cattle. This in turn will increase the demand for the importation of Angus breeding stock from the United States.

—HARRY C. BRYAN
U.S. Agricultural Attaché, Guatemala

USDA Livestock Specialist Menchaca faces a Guatemalan TV camera to demonstrate the cutting of U.S. beef and discuss—in fluent Spanish—its quality and proper cooking.

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